

# Gramsurajya

Good Governance in Villages

Rural Governance and Inclusive Growth  
– Linkages and Implications  
(NCAER-IDRC collaboration)

FEBRUARY 2010

Project Brief

No. 1



The NCAER under the IDRC's programme initiative 'Globalisation, Growth and Poverty' is conducting research on various aspects of rural governance in an attempt to establish whether decentralisation and the creation of appropriate institutions is an effective solution for achieving inclusive and pro-poor growth. Inclusive growth by its very definition implies an equitable allocation of resources with benefits accruing to every section of society. In the literature, non-inclusive growth has, in part, been attributed to what economists have come to call coordination failure. Coordination failure is defined as an outcome in which a group of economic agents is unable to attain a desirable and potentially achievable outcome owing to the fact that they are currently trapped in a less than desirable equilibrium. Access to and effective provision of public goods is critical for the rural poor since this helps them realise their potential and escape poverty. The proposed research is designed to establish whether decentralisation and the creation of appropriate institutions within this framework is an effective solution for overcoming coordination failures and achieve pro-poor growth.

## The Research Programme:

The research involves finding answers to the following questions:

- Is there evidence of elite capture and corruption in decentralised forms of governance?
- Will decentralisation increase fiscal buoyancy?
- Does decentralisation reduce coordination failure?
- Does decentralisation empower women and other disadvantaged groups?
- Is service delivery through decentralised forms of government relatively more efficient compared to service delivery under centralised frameworks?
- How does decentralisation affect the impact of affirmative action programmes?

"Gramsurajya", is the project brief of this project and will communicate project, and other news relating to rural decentralisation and growth issues at regular intervals. In its first issue, we look at voting and the economic state of rural voters.

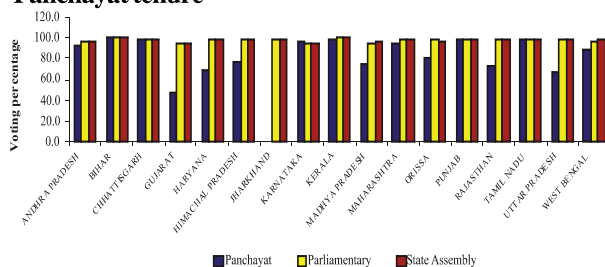
## Participation in voting and economic outcomes: Evidences from the ARIS-REDS<sup>1</sup> survey

The first issue of “Gramsurajya” concerns itself with documenting and understanding the composition and participation of India’s rural voters and their economic status. The findings are primarily based on the ARIS-REDS 2006 round; the 1999 round has been used for estimating income mobility only. The 2006 round covers governance data pertaining to the current as well as the preceding two Panchayat tenures. The following analysis, however, is based on the current and immediately previous tenure only.

### Voting Trends

Participation<sup>2</sup> in both the State Assembly (98%) and Parliamentary elections (97%) has been greater in comparison to Panchayat<sup>3</sup> elections (80%) across the nation during the present Panchayat’s tenure. Jharkhand has not held any Panchayat election since 1971 onwards. On excluding Jharkhand, the participation rate for Panchayat elections goes up to 84%. For the Panchayat Pradhan elections, the overall voting rate was 67% (excluding Jharkhand). However, low participation rates in the Panchayat level elections (both Panchayat and Pradhan) in comparison to the State and Parliamentary elections in most states can be attributed to unopposed candidature and indirect elections rather than just an unwillingness to vote.

**Fig. 1: Voter participation, during current Panchayat tenure**



Source: ARIS-REDS 2006

### Voter Turnout: across socio-economic categories, time and states

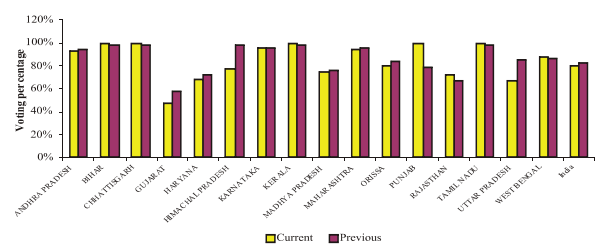
At the all India level, across different demographic and socio-economic groupings, different groups had different levels of participation in the Panchayat elections over both the present as well as the previous Panchayat tenures. During the tenure of the current Panchayat:

- The distribution of voters in terms of their caste grouping at the all-India level followed the same distributional pattern of caste grouping of the

ARIS-REDS 2006 sample. However, at the state level the voting percentages varied across the caste groupings. The major departures were in Himachal Pradesh, Madhya Pradesh and Haryana. In Himachal Pradesh, the Scheduled Castes showed low participation, in contrast to Madhya Pradesh where the Scheduled Tribes participation was low. In Haryana and Madhya Pradesh, the OBCs (Other Backward Castes) had the highest participation rate primarily due to strong OBC candidature in the Panchayat member elections.

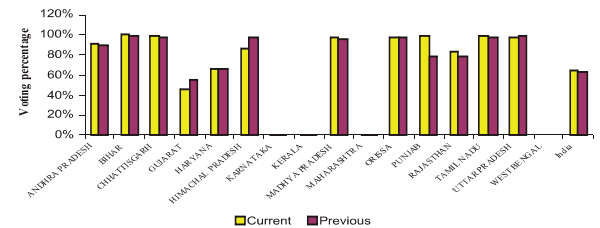
- In terms of education levels (captured by years of schooling) there were no notable inter-state differences in voting percentages amongst groupings by education level.
- In terms of land holdings at the all-India level, and for majority of the states, the landless and marginal farmers had higher voting percentages than the others
- In terms of income, the distribution of voters across the voting population was slightly skewed towards the lower income quartiles in comparison to the distribution across the sample. In Haryana, the percentage of voters from the two upper income categories was higher than the two lower categories. Interestingly, in next-door Punjab the voting percentage amongst the very low income households was substantially higher than those in the higher income quartiles.

**Fig. 2: Panchayat Member elections**



Source: ARIS-REDS 2006.

**Fig. 3: Panchayat Pradhan elections**



Source: ARIS-REDS 2006

<sup>1</sup> Additional Rural Incomes Survey (ARIS) and Rural Economic and Demographic Survey (REDS)

<sup>2</sup> The analysis is based on household level information, not individual level information. Participation refers to those households, where at least one eligible member has voted in these elections.

<sup>3</sup> This analysis refers to Panchayat member elections unless otherwise specified.

The distribution of voters by the socio economic categories remained identical across both the periods (current Panchayat and previous Panchayat). But the actual voting percentages did undergo change between the two periods. At the all-India level, the voting percentage declined from 82% to 80% for Panchayat member elections, and increased from 63% to 64% for Panchayat Pradhan elections in the current over the previous Panchayat tenure. At the state level, four states witnessed major changes in their voting percentages between the current and previous Panchayat elections. The voting rate declined in Uttar Pradesh and Gujarat and increased in Punjab and Rajasthan. This decrease or increase in voting was mostly due to increased or decreased incidence of unopposed elections, respectively for these four states.

For Pradhan elections, the states which witnessed major changes in the voting patterns were Gujarat, Himachal Pradesh, Punjab and Rajasthan. Gujarat and Himachal Pradesh witnessed a drop in voting percentages. In Gujarat this decline was on account of an increase in the incidence of indirect voting, while in Himachal Pradesh a higher number of people chose not to vote during the tenure of the current Panchayat. In Punjab and Rajasthan, the voting percentage increased in the current Panchayat tenure, due to a decline in the unopposed candidature.

Given that we have considered only two time periods, the changes in the voting pattern are neither dramatic nor long standing. But they do reflect the degree of democratization in terms of the holding of elections that exists across the major states since the 73<sup>rd</sup> amendment came into effect.

### Economic Outcomes

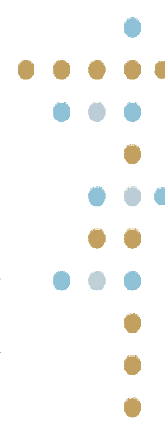
In the light of the voting patterns, this section focuses on how participation in local governance through voting, and economic outcomes at the village and household levels behave across the two time periods. For this, the level of village developmental works and income mobility of the households have been examined. The analysis focuses on the most vulnerable groups in the rural populace, when needed. The developmental works<sup>4</sup> are captured in terms of new constructions and the maintenance activity undertaken on the existing works locality-wise at the village level, in the ARIS-REDS 2006 round.

**Table 1: States ranked in descending order in terms of developmental activity**

<u>Current Panchayat</u>	<u>Previous Panchayat</u>
Gujarat	Gujarat
Orissa	Maharashtra
West Bengal	West Bengal
Maharashtra	Kerala
Kerala	Orissa
Tamil Nadu	Tamil Nadu
Karnataka	Karnataka
Andhra Pradesh	Andhra Pradesh
Punjab	Madhya Pradesh
Madhya Pradesh	Punjab
Haryana	Haryana
Rajasthan, Uttar Pradesh	Bihar
Himachal Pradesh	Uttar Pradesh
Bihar	Rajasthan
	Himachal Pradesh

Source: ARIS-REDS 2006

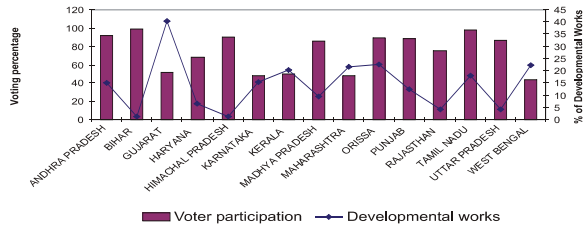
The high competition states<sup>5</sup> of Bihar, Tamil Nadu and Punjab lag behind the lower competition states like Gujarat (high percentage of unopposed candidature for Panchayat member and Pradhan), Kerala and West Bengal (in both states the Pradhan is elected indirectly). This implies, that voting and developmental works are perhaps not positively related in these states. However, in Gujarat, which has the highest level of developmental works (40% of all localities per village, during current Panchayat tenure), in seven of the twenty villages the level of developmental works carried out was lower than the average. In all these seven villages the Panchayat member elections were either held unopposed or the majority of the people chose not to vote. Similarly, in six of these seven villages the Pradhans were either unopposed, or indirectly elected or where people simply did not participate in voting. Similarly, Himachal Pradesh had the lowest average developmental works per village of 1.3% over both the periods. In total four villages from Himachal Pradesh were surveyed. Two villages, in which the level developmental works was higher than the average of 1%, witnessed voting by a majority of the people in all the four elections. Thus, upon analysis, the village level data for Gujarat and Himachal Pradesh suggest the existence of a positive relation between incidence of voting and the level of developmental works.



<sup>4</sup>Data pertaining to 22 different types of developmental works was collected in ARIS-REDS 2006. For example- sanitation/sewage, purity of drinking water, irrigation facilities, credit for farmers, housing, childcare, electrification, street lighting and others. Street level data is available for the villages.

<sup>5</sup>High competition states are those states where the proportion of direct elections has been high and the incidence of unopposed and/or indirect elections low

**Fig. 4: Voting and developmental works**

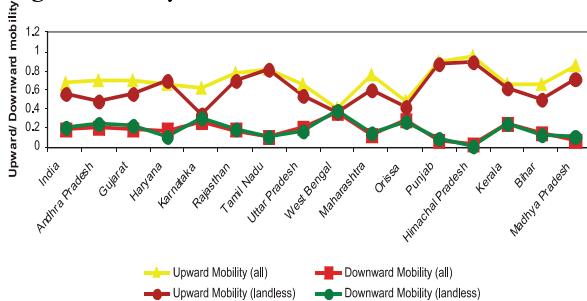


Source: ARIS-REDS 2006

At the state level both Punjab and Tamil Nadu recorded about 20% rise in new constructions during the two Panchayat tenures. Over the same period Tamil Nadu was one of the few states to clock positive growth in maintenance works. West Bengal and Kerala both have indirect Pradhan elections and figure higher than other states in terms of developmental works. In Kerala the average level of developmental works was 20%. The village with the highest provision of developmental works (50% of all localities) across both the periods witnessed cent per cent voting for Panchayat members. In the village with the lowest level of developmental works, there were however residents who simply did not vote. A similar story emerged in West Bengal: the village with the highest developmental works witnessed cent per cent voting for Panchayat member in both the periods. Thus these factual evidences imply the possibility of a positive relation between voting and level of developmental works, at the village level.

Whether a household is poor or non-poor is a crucial in evaluating the welfare of a family/household. We examine the possibility of a household falling into and coming out of poverty zone between 1999 and 2006. As expected mobility was lower in states with higher per capita incomes, and conversely the mobility of the landless (who are mostly agricultural workers in our sample) was higher. For all the states the upward mobility of income was higher than the downward mobility. This confirms the declining number of rural poor over this period.

**Fig. 5: Mobility measures**



Source: ARIS-REDS 2006

**Table 3 : Transition matrix, poor and non-poor between 1999 and 2006, (landless India)**

	Poor	Non-poor	Total
Poor	0.44	0.56	10,703
Non-poor	0.21	0.79	80,088
Total	21,396	69,395	90,791

**Table 4 : Transition matrix, poor and non-poor between 1999 and 2006 (all India)**

	Poor	Non-poor	Total
Poor	0.33	0.67	30,012
Non-poor	0.19	0.81	112,441
Total	24,095	118,358	142,453

West Bengal, Orissa, Karnataka and Kerala indicated the sharpest downward mobility measures, in that order. All the states, apart from Orissa, had *nil* voting by the village populace in Pradhan elections. In addition, some villages in Orissa and West Bengal had unopposed candidature in Panchayat member elections. The landless in West Bengal was the only case where the downward mobility was higher than the upward mobility. Bihar, probably due to a high migratory labour force, has indicated a low downward mobility and is also the only state where this measure is lower for the landless compared to the overall populace. Punjab, in addition to having the highest per capita income, also has a very high upward mobility and low downward mobility. It also witnessed a high increase in voting between the current and previous Panchayat periods. The differences between upward mobility for all and the landless were the highest for Karnataka and Maharashtra; both states hold indirect Pradhan elections. The state with no differences between the mobility measures for all and the landless was Tamil Nadu, which recorded consistently cent per cent voting across both periods (current and previous). Thus even the mobility measures, which function as instruments measuring the risk of falling into and out of poverty, do seem to behave in favour of the vulnerable groups with higher democratization.

Thus, the key findings of this piece imply that voting in Panchayat elections do influence and also get influenced by economic outcomes and welfare. This is true across India. The precise extent and magnitude of this relationship is one of the crucial questions that we seek to answer through this research initiative on “Rural Governance and Inclusive Growth”.

